

29 of April 2014

## **An overview of the financial year 2013**

### **1. PRELIMINARY REMARKS**

On 24 April 2014 the SIX Exchange Regulatory Board kindly granted the postponement of the annual report of the Swmtl Holding Ltd. in liq. (hereafter also "Swmtl") to 26 May 2014 (07:30 am) at the latest. However the dispositive foresee the condition of the publication of an overview of the main assets and liabilities on a consolidated basis as at 31 December 2013.

It must be noted, that the figures presented are unaudited and accordingly might be subject to changes in their final version at the date of publication of the audited annual report.

#### **1.1 Retrospective of the financial year 2013**

On 10 January 2013 certain assets of the sites belonging to Swissmetal Industries Ltd. in Reconvilier and Dornach (excluding land and buildings that were leased to the purchaser for a period of 6 years) were sold to a Swiss subsidiary of the Chinese Baoshida Group (see media release dated 10 January 2013) and the name of the subsidiary changed in Weidenareal Metall Ltd. (see media release dated 22 January 2013). The sale of the trademarks „Swissmetal“ belonging to Swmtl Holding Ltd. in liq. to the Chinese Baoshida Group resulted in a cash inflow of CHF 0.85 million to Swmtl in January 2013.

On the General Meeting held on 10 May 2013 two members of the Board of Directors, namely Martin Hellweg and Patrick Huber-Flotho resigned. Arturo Giovanoli was reconfirmed and Viktor Huser and Jean-Paul Periat were nominated as board members and as liquidators of the company for another term (see media release dated 11 May 2013).

Furthermore, the definitive debt restructuring moratorium of Swmtl Holding Ltd.'s subsidiary Swissmetal Industries Ltd., which was initially definitely granted on 20 September 2011 and extended by the competent judge of the Amtsgericht Dorneck-Thierstein on 13 August 2012 for a term until 21 September 2013 ended 11 September 2013 as the competent judge granted the debt restructuring liquidation. Accordingly Swmtl has lost all of the control and/or information rights and/or duties on the subsidiary (see media release dated 11 September 2013).

On 6 November 2013 Avins USA Inc., being the central asset of Avins International Ltd. (a fully owned subsidiary of Swmtl) was sold together with the trademarks „Avins“ to the local management. Due to the business performance of the US subsidiary, operating under severe refinancing limitations relating to the ownership of the ultimate parent company being in liquidation, the estimated value as at 31 December 2012 (see page 3 of the Annual Report 2012) could only be partially realized (see media release dated 6 November 2013).

On 9 December 2013 Avins International Ltd. entered into voluntary liquidation and changed the name in AV International Ltd. in liq.. Simultaneously Arturo Giovanoli resigned as member of the Board of Directors and liquidator (see media release dated 9 December 2013).

## 2. BASIS FOR THE CONSOLIDATED BALANCE SHEET AND CHANGES AFFECTING GROUP COMPANIES

The unaudited balance sheet have been prepared in accordance with the entire Swiss GAAP FER framework. Fixed assets have been valued on a liquidation basis. Naturally, the actual realization values depend on future developments in the liquidation process. There remains an inevitable uncertainty about these values and the amounts accrued for. The Board of Directors and the liquidators are convinced that the estimates made represent the best estimates possible.

### SCOPE OF CONSOLIDATION

All companies in which Swmtl Holding Ltd. in liq., Dornach, has more than a 50% interest are included in the consolidation. The scope of consolidation as of 31 December 2013 comprised Swmtl Holding Ltd. in liq., Dornach, Switzerland and AV International Ltd. In liq., Dornach, Switzerland (wholly owned, formerly Avins International Ltd). Due to the disposal of Avins USA Inc., Warren/NJ, USA, the entity was excluded from the scope of consolidation as at 6 November 2013.

## 3. CONSOLIDATED BALANCE SHEET

ASSETS	31.12.2013	31.12.2012
	Total	Total
<b>CHF 000</b>		
<b>Current assets</b>		
Cash and cash equivalents	809	341
Trade accounts receivable	-	677
Other receivables	7	1
Stock	-	1'441
Prepaid expenses and accrued income	7	11
<b>Total current assets</b>	<b>823</b>	<b>2'471</b>
<b>Fixed assets</b>		
Intangible assets	-	850
Financial assets	7'462	13'331
<b>Total fixed assets</b>	<b>7'462</b>	<b>14'181</b>
<b>TOTAL ASSETS</b>	<b>8'285</b>	<b>16'652</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Short-term liabilities</b>		
Interest-bearing liabilities	6'150	11'488
Trade accounts payable	0	672
Other liabilities	2'789	2'782
Accrued expenses and prepaid income	606	994
Provisions	621	604
<b>Total short-term liabilities</b>	<b>10'165</b>	<b>16'540</b>
<b>Total liabilities</b>	<b>10'165</b>	<b>16'540</b>
<b>Shareholders' equity</b>	<b>19</b>	
<b>Total shareholders' equity</b>	<b>-1'880</b>	<b>112</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8'285</b>	<b>16'652</b>

**Cash and cash equivalents** As of the balance sheet date, cash and cash equivalents totalled CHF 0.8 million (previous year CHF 0.3 million), which represents an increase compared to 31 December 2012 of approximately CHF 0.5 million.

**Trade accounts receivable and stock** The decrease is entirely due to the effect in change of scope of consolidation.

**Intangible assets** the decrease is due to the disposal of the trademark "Swissmetal" in January 2013.

**Financial assets** The financial assets primarily relate to receivables from subsidiaries and amounted to a total of CHF 7.5 million in 2013 (previous year: CHF 13.3 million) and consist of a claim relating to the insolvency proceedings of Swissmetal Busch-Jaeger GmbH, Lüdenscheid, in the amount of CHF 0.6 million and of a claim relating to the debt restructuring moratorium of Weidenareal Metall Ltd., Dornach of CHF 6.8 million (as at 31 December 2012: CHF 12.6 million including CHF 0.6 million of accrued interests). The latter mainly relates to a claim from a bank for a guarantee commitment of CHF 20.0 million securing a mortgage provided to Weidenareal Metall Ltd.. Additionally CHF 0.1 million due from Weidenareal Metall Ltd. relates to the claim for compensation claimed by a former Member of the Executive Management and was adjusted to reflect the expected repayment in the context of the liquidation quota of the subsidiary. There exists an uncertainty regarding the valuation, as proceeds from the amount due from Weidenareal Metall Ltd. depends on the outcome of the liquidation and of the disposal of assets.

**Interest-bearing liabilities (short-term)** The position as at 31 December 2013 encompass CHF 6.2 million for the claim of a bank arising from the guarantee commitment for which a stand-still agreement could be agreed until 31 December 2013. In the context of the sale of certain assets belonging to Swissmetal Industries Ltd. in January 2013, a certain amount of the mortgage has been repaid - subject to the creditor's rights - to the bank by the subsidiary. However there exists an uncertainty relating to the claim of recovery inherent to the guarantee.

The due interest on the loan are accrued and disclosed as provisions.

**Trade accounts payable** The decrease is entirely due to the effect in change of scope of consolidation.

**Other liabilities** Other liabilities amount to a total of CHF 2.8 million, which is totally part of the short-term liabilities as of the balance sheet date (previous year CHF 2.8 million). The other liabilities consist mainly of a liability for compensation to a member of the Board arising from his past contractual agreement and of a liability arising from a contractual compensation claimed by a former Member of the Executive Management. The latter claim is partially a matter of a dispute. The company was able to secure a stand-still agreement with the first counterpart until 31 December 2013. Furthermore CHF 2.0 million payables are owed from Avins International Ltd. to a deconsolidated entity. Also for this liability the company was able to secure a stand-still agreement and a waiver subject to certain preconditions.

**Accrued expenses and prepaid income** The total accrued expenses and prepaid income of CHF 0.6 million (prior year CHF 1.0 million) includes accruals for auditing services, an accrual for expected costs of liquidation of CHF 0.12 million and the accrued expenses for the Board of Directors. The former Board of Swmtl Holding Ltd. in liq. served as well for a major subsidiary. However, the full compensation has been charged to Swmtl Holding Ltd. in liq. Due to economic reasons, part of their compensation has been reallocated in the previous year to that major subsidiary. There exists an uncertainty regarding the valuation, as the amount due from Swissmetal Industries Ltd. depends on the outcome of the debt restructuring moratorium.

**Shareholders' equity** Due to the losses incurred during the twelve months period ending 31 December 2013, which are mainly imputable to the operating activities on the US market and on the effect of the deconsolidation of the US entity, the consolidated shareholders' equity is negative. However, the Board of Directors explicitly stress out that the Swmtl Holding Ltd. in liq. is on the basis of the statutory accounts not over indebted. Furthermore, due to the high variance of possible

outcomes, it is impossible to make a concrete estimate of the financial outcome of the liquidation process of Swmtl Holding Ltd. in liq.

## **6. OUTLOOK**

For the shareholders, everything depends on the best possible realization of the remaining assets and of the result of the liquidation of Weidenareal Metall Ltd. in debt restructuring liquidation. Depending on the success in divesting and in maximising the proceeds from the development and sale of its real estate, encompassing around 127'000 square metres of land in Dornach, Weidenareal Metall Ltd. may (if all creditor classes of Weidenareal Metall Ltd. were fully satisfied) or may not be able to transfer funds to Swmtl Holding Ltd. in liq. The Board of Directors currently regards this as a very unlikely case.

At the same time, Swmtl Holding Ltd. in liq. may experience a partial or full repayment on the basis of its creditor position at Weidenareal Metall Ltd. A partial repayment appears to be likely on the basis of the Board's current knowledge.

### **Investor Relations**

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